



LEROY D. BACA, SHERIFF

County of Los Angeles
Sheriff's Department Headquarters
4700 Ramona Boulevard
Monterey Park, California 91754-2169



June 16, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Dear Supervisors:

**CONTRACT WITH MINI USA, A DIVISION OF BMW NORTH AMERICA,
FOR USE OF 17 ELECTRIC MINI COOPER SEDANS BY
THE LOS ANGELES COUNTY SHERIFF'S DEPARTMENT
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

BMW North America (BMW) has approached the Los Angeles County Sheriff's Department (Department) for assistance in their testing of all electric cars program. BMW proposes to lease to the Department 17 cars at a greatly reduced rate in exchange for feedback on the usage of the cars. The proposal requires a closed-end lease agreement (Agreement) of one year for the 17 electric Mini Cooper sedans, which will be provided by Mini USA, a division of BMW. The vehicles will be assigned to various test personnel in the Department.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Chairman of the Board of Supervisors to grant delegated authority to the Sheriff to execute the Agreement with Mini USA. The lease payments will be \$10 per month per vehicle. The market value of the Agreement is \$850 per month, therefore the Board is requested to accept the Agreement value as a donation from BMW as a gift to the County of Los Angeles (County) in the amount of \$171,360.
2. Authorize the Chairman of the Board of Supervisors to grant delegated authority to the Sheriff to execute the attached Memorandum of Understanding (MOU) with Mini USA.

A Tradition of Service

3. Instruct the Executive Officer-Clerk of the Board to send a letter of appreciation and partnership to Ms. Nadine Jambor, Mini E Sales Specialist, 5900 Arcturus Avenue, Oxnard, California, 93033, for the generous lease terms and use of these vehicles.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Mini USA wishes to lease, at a discounted rate, 17 electric Mini Cooper sedans, for exclusive use by Department personnel.

Implementation of Strategic Plan Goals

Acceptance of this Agreement supports the County's Strategic Plan, Goal 1, Operational Effectiveness; Goal 3, Environmentally Responsible Practices. These electric vehicles will reduce the Department's carbon footprint and promote environmental stewardship and leadership.

FISCAL IMPACT/FINANCING

The Department will hold title as the registered owner and Mini USA will hold title as the legal owner of the vehicles. All liability will be provided and paid for by the Department. All general maintenance and repairs necessary for the daily operation of the vehicle will be provided by Mini USA. Charging stations will be installed at Department facilities by Mini USA. Additional electrical work will be provided by the Department.

The lease payments of \$10 per month per vehicle, payable in a single payment at time of delivery, will be provided by the Department.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The vehicles will be leased to the Department for a period of one year. However, one or all of the vehicles will be returned to Mini USA when, in the opinion of the Department, the vehicle is no longer suitable for County service or when the Department and Mini USA have mutually agreed upon the termination of this agreement and five days advance written notice for the return of the vehicle is given.

This Board letter and the attached MOU and Agreement have been reviewed by County Counsel as to form.

The Honorable Board of Supervisors
June 16, 2009
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CONTRACTING PROCESS

See the attached Agreement and MOU for detailed information.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current County services.

CONCLUSION

Upon the Board's approval, please return an adopted stamped copy of the letter and the Agreement to the Communications and Fleet Management Bureau, Attention: Ms. Sandra Engelbart, 1277 North Eastern Avenue, Los Angeles, California 90063.

Sincerely,

A handwritten signature in black ink that reads "Leroy D. Baca". The signature is fluid and cursive, with the first name "Leroy" and last name "Baca" clearly distinguishable.

LEROY D. BACA
SHERIFF

Memorandum of Understanding

MINI E Usage by Los Angeles County Sheriff's Department

This Memorandum of Understanding "MOU" dated and effective as of the ____ day of _____, 2009 ("Effective Date"), by and between the Los Angeles County Sheriff's Department ("LASD") with offices at 1104 North Eastern Ave, Los Angeles, CA 90063 and MINI USA division of BMW North America, LLC, with offices at 300 Chestnut Ridge Road, Woodcliff Lake, New Jersey 07677 ("MINI USA").

WHEREAS, LASD and MINI USA contemplate LASD's participation in MINI USA's MINI E Field Trial, under the "Project i" Program intended to introduce a new form of urban transportation; and

WHEREAS, MINI of Monrovia as authorized by MINI USA, will facilitate the delivery and lease of the vehicles to LASD; and

NOW THEREFORE, LASD and MINI USA agree as follows:

1. LASD will lease 17 (seventeen) MINI E vehicles for a 1 (one) year closed-end lease through MINI of Monrovia. The lease payments will be \$10 per month per vehicle, payable in a single payment of \$120 at time of delivery. All taxes, fees, and licensing are to be paid by LASD upon delivery. The lease of the vehicles is expected to commence in May 2009, but in no event later than June 2009. Liability insurance is to be provided by LASD and collision insurance will be included, as part of the lease, by MINI USA.
2. MINI USA will provide wallboxes (also known as charging stations) and standard installation services to LASD. MINI USA covers the costs for a standard installation of the wall box. If any additional electrical work is deemed necessary, as agreed to by both Parties, LASD will pay all reasonable costs of such additional electrical work. LASD understands that such costs may total several thousand dollars, depending on the existing infrastructure and wallbox locations.
3. The lease price offered to LASD in connection with this lease is below the standard lease rate offered to commercial customers of the MINI E. MINI USA and Dealer have specifically advised the LASD of its concerns that the offer of such a lease rate could be construed as a gift or gratuity under applicable state or local law or regulation relating to the ethical requirements of a governmental entity or any employee or official of such governmental entity and may not be permitted under such laws. In order to induce MINI USA and Dealer to enter into this lease agreement, LASD warrants and represents the following:
 - a. LASD is authorized to enter into this lease agreement and no other legislative or executive act is required or LASD has obtained all such necessary legislative or executive acts necessary and sufficient to enter into this lease agreement.
 - b. LASD has reviewed the relevant laws, rules and regulations pertaining to the ethical conduct of government employees or officials, and believes that the lease terms for this MINI E are permitted under the laws of this state, county and municipality.
4. During the duration of the 12-month lease of the MINI E vehicles, certain designated LASD employees shall utilize those vehicles with unlimited mileage constraints. The designated LASD employees may take the vehicles home. At regular intervals during the 12-month lease, the designated employees shall provide to MINI USA consumer-type feedback on the MINI E vehicle (i.e., vehicle usage, driving experience and the like). LASD representative, Brian J. Moran, will serve as the dedicated contact person for the MINI E fleet, and will facilitate the gathering of information pertaining to vehicle tracking and usage.

With the exception of the time necessary for repairs or maintenance work, LASD shall consistently maintain in use each of the MINI E fleet vehicles during the 12-month period of the lease.

5. LASD understands the features, operation and limitations of the MINI E as shown on www.MINI-E.com.
6. LASD agrees to utilize reasonable efforts to communicate the important message that its participation in this agreement is pursuant to BMW Group's comprehensive initiative i to develop substantive and sustainable solutions to the future of urban transportation. Neither LASD nor the County of Los Angeles agrees that this MOU or any related action to this MOU constitutes an endorsement of the MINI E, BMW or any BMW products. BMW N.A. LLC shall not seek such endorsement pursuant to this agreement as well.
7. MINI USA and LASD shall comply with all applicable statutes, regulations, ordinances and promulgations governing such agreements between the parties.

Signature Of LASD Authorized Representative

Signature Of MINI USA Authorized Representative

Full Name (Please Print)

Full Name (Please Print)

Richard Steinberg

Title

Title

Manager, Aftersales and Product Strategy

Date

Date

MINI Financial Services

Motor Vehicle Lease Agreement (Closed End) - California



1. PARTIES

Lessor (Center) Name and Address	Lessee and Co-Lessee Name and Address	Vehicle Garaging Address (if Different)
		Billing Address (if Different)

2. Agreement to Lease. This Motor Vehicle Lease Agreement ("Lease") is entered into between the lessee and co-lessee ("Lessee") and the lessor ("Lessor") named above. Unless otherwise specified, "I," "me" and "my" refer to the Lessee and "you" and "your" refer to the Lessor or Lessor's assignee. "Vehicle" refers to the leased vehicle described below. "Assignee" refers to MINI Financial Services, a division of BMW Financial Services NA, LLC ("MINI FS"). MINI FS will administer this Lease on behalf of itself or any assignee. The consumer lease disclosures contained in this Lease are made on behalf of Lessor and its successors or assignees.

3. Date of Lease, Lease Term and Scheduled Maturity Date. This Lease is entered into on _____ for the scheduled Lease Term of 12 months with a Scheduled Maturity Date of _____.

4. VEHICLE DESCRIPTIONS

A. Leased Vehicle <input checked="" type="checkbox"/> New <input type="checkbox"/> Demo <input type="checkbox"/> Used	Model Year 2008	Make & Model MINI E	VIN	Odometer	Primary Use: <input type="checkbox"/> Personal, Family or Household <input type="checkbox"/> Business, Commercial or Agricultural
<input type="checkbox"/> Telephone	<input type="checkbox"/> CD Player	<input type="checkbox"/> _____ (specify)	<input type="checkbox"/> _____ (specify)	<input type="checkbox"/> _____ (specify)	
B. Trade-In N/A	Model Year N/A	Make N/A	Model N/A	Agreed Upon Value N/A	Prior Credit or Lease Balance N/A Net Trade-In Value N/A

5. AMOUNT DUE AT LEASE SIGNING OR DELIVERY (Itemized in Section 9)

6. MONTHLY PAYMENTS

7. OTHER CHARGES (Not part of my Monthly Payments)

8. TOTAL OF PAYMENTS (The amount I will have paid by the end of the Lease Term)

\$ _____	My first monthly payment of \$ _____ is due on _____ followed by <u>11</u> payments of \$ _____ due on the _____ day of each month. The total of my monthly payments are \$ _____	A. Disposition Fee \$ <u>0</u>	\$ _____
		TOTAL \$ <u>0</u>	

9. AMOUNT DUE AT LEASE SIGNING OR DELIVERY

10. MY MONTHLY PAYMENT IS DETERMINED AS SHOWN BELOW

A. Amount Due at Lease Signing or Delivery 1. Capitalized Cost Reduction \$ <u>0</u> 2. First Monthly Payment \$ _____ 3. Refundable Security Deposit \$ <u>0</u> 4. Initial Title Fees \$ _____ 5. Initial Registration Fees \$ _____ 6. Initial License Fees \$ _____ 7. Sales/Use Tax \$ <u>N/A</u> 8. Acquisition Fee (if not capitalized) \$ <u>N/A</u> 9. Optional DMV Electronic Titling Fee (if not capitalized) \$ _____ 10. Sales Tax on Capitalized Cost Reduction \$ <u>N/A</u> 11. Document Preparation Fee (not a governmental fee) \$ _____ 12. California Tire Fee \$ _____ 13. Theft Deterrent Device \$ _____ 14. Theft Deterrent Device \$ _____ 15. Surface Protection Product \$ _____ 16. Surface Protection Product \$ _____ 17. _____ \$ _____ 18. _____ \$ _____ 19. _____ \$ _____ 20. _____ \$ _____ TOTAL \$ _____		A. Gross Capitalized Cost. The agreed upon value of the Vehicle (\$ _____) and any items I pay for over the Lease Term (such as taxes, fees, service contracts, insurance, and any outstanding prior credit or lease balance) (See Section 13 for an itemization of this amount). \$ _____ B. Capitalized Cost Reduction. The amount of any net trade-in allowance, rebate, noncash credit, or cash I pay that reduces the Gross Capitalized Cost. - \$ <u>0</u> C. Adjusted Capitalized Cost. The amount used in calculating my Base Single Payment. = \$ _____ D. Residual Value. The value of the Vehicle at the end of the Lease used in calculating my Base Single Payment. - \$ _____ E. Depreciation and any Amortized Amounts. The amount charged for the Vehicle's decline in value through normal use and for other items paid over the Lease Term. = \$ _____ F. Rent Charge. The amount charged in addition to the Depreciation and any Amortized Amounts. + \$ _____ G. Total of Base Monthly Payments. The Depreciation and any Amortized Amounts plus the Rent Charge. = \$ _____ H. Lease Payments. The number of payments in my Lease. ÷ <u>12</u> I. Base Monthly Payment. = \$ _____ J. Sales/Use Tax. + \$ _____ K. + \$ _____ L. Total Monthly Payment. = \$ _____	
B. How the Amount Due at Lease Signing or Delivery Will Be Paid 1. Net Trade-In Allowance \$ <u>0</u> 2. Rebates and Noncash Credits \$ <u>0</u> 3. Amount to be Paid in Cash \$ _____ TOTAL \$ _____			

Early Termination. I may have to pay a substantial charge if I end this Lease early. The charge may be up to several thousand dollars. The actual charge will depend on when the Lease is terminated. The earlier I end the Lease, the greater this charge is likely to be.

11. Excessive Wear and Use. I may be charged for excessive wear based on your standards for normal use.

12. No Purchase Option. I understand that I will not have an option to purchase the Vehicle. I will return the Vehicle to a place you specify at the Scheduled Termination of the Lease.

Other Important Terms. See the front and back of this Lease for additional information on early termination, maintenance responsibilities, warranties, default charges, insurance, and any security interest, if applicable.

13. ITEMIZATION OF GROSS CAPITALIZED COST

A. Agreed Upon Value of Vehicle as Equipped at the Time of Lease Signing	\$ _____	H. Document Preparation Fee (not a governmental fee)	\$ N/A
B. Agreed Upon Value of Each Accessory and item of Optional Equipment Original Lessor Agrees to Add to the Vehicle after Lease signing	\$ N/A	I. Maintenance Agreement	\$ N/A
	\$ N/A	J. Mechanical Breakdown Protection	\$ N/A
	\$ N/A	K. Extended Warranty	\$ N/A
	\$ N/A	L. Service Contract	\$ N/A
C. Total Agreed Upon Value of Vehicle	\$ N/A	M. Prior Credit or Lease Balance*	\$ N/A
D. Initial Title, License & Registration Fees	\$ N/A	N. Optional DMV Electronic Titling Fee	\$ N/A
E. Sales/Use Tax	\$ N/A	O. Acquisition Fee	\$ N/A
F. Federal Luxury Tax	\$ N/A	P. Other _____	\$ N/A
G. Sales Tax on Capitalized Cost Reduction	\$ N/A	Q. Other _____	\$ N/A
		R. Other _____	\$ N/A
		TOTAL GROSS CAPITALIZED COST (C through R)	\$ _____

*Leave blank unless Lessor has paid prior credit or lease balance.

14. ESTIMATED OFFICIAL FEES AND TAXES

\$ _____ This is an estimate of the total amount I agree to pay for official and license fees, registration, title and taxes (including personal property taxes) over the Lease Term including any extensions of the Lease Term, whether included in my Monthly Payment, Amount Due at Lease Signing or Delivery, or separately billed. The actual total of Official Fees and Taxes may be higher or lower, depending on the tax rates in effect or the value of the Vehicle at the time a fee or tax is assessed. This estimate is based on my Garaging Address and may increase if I move or if tax rates change. For some of these items, we may invoice you after the taxing authority has billed us, sometimes after the lease terminates.

15. RESERVED

16. WARRANTIES

The Vehicle is subject to the following express warranties. If the Vehicle is new, the Vehicle is subject to the standard manufacturer's new vehicle warranty. The Vehicle is also covered by the following, if checked:

☐ Remainder of the standard manufacturer's new vehicle warranty if the Vehicle is not a new vehicle.

☐ _____

UNLESS A LESSOR'S WARRANTY IS DISCLOSED ABOVE, LESSOR, TO THE EXTENT PERMITTED BY LAW, (1) MAKES NO WARRANTIES OR REPRESENTATIONS, EITHER EXPRESSED OR IMPLIED, AS TO THE VEHICLE OR ANY OF ITS PARTS OR ACCESSORIES AND (2) MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE VEHICLE FOR ANY PARTICULAR PURPOSE. I ACKNOWLEDGE THAT I AM LEASING THE VEHICLE FROM THE LESSOR "AS IS."

17. INSURANCE VERIFICATION

I agree to maintain the insurance coverage described in Section 23. I affirm that such insurance is in force on the date of this Lease. I authorize Lessor and its assignees to speak to my insurance agent or company, and any future insurance agents or companies, about my coverage for the leased Vehicle.

Insurance Company	Policy No.	Coverage Verified (Dealer Employee's Initials)
Agent Name	Address	Phone No.

All matters regarding insurance should be sent to: MINI FS Insurance Center, P.O. Box 650700, Hunt Valley, MD 21065-0700; or fax to 888-725-8456.

18. RESERVED

19. RESERVED

20. RESERVED

21. Vehicle Use. I agree not to use (or permit others to use) the Vehicle: (a) in any way that violates the law or the terms of my insurance policy or this Lease; (b) to transport goods or people for hire, lease or rental to others; (c) outside the state where it was first titled for more than 30 days without your prior written consent; (d) outside the United States, except for less than 30 days in Canada; (e) allow an uninsured person to operate the Vehicle at any time, or allow any third party, other than my spouse, to operate the Vehicle without written permission from you. I will not physically change the Vehicle's body or interior in any way unless I first get your written consent. I understand that you are leasing the Vehicle to me for testing and evaluation purposes. I promise to provide you, or third parties designated by you, with data about my experiences with the Vehicle, including the performance, handling and use of the Vehicle, and to otherwise assist your efforts to obtain this experience data. I agree that any experience data you obtain from me or the Vehicle, either directly or indirectly, shall be your exclusive property, and you may use such data as you may determine in your sole discretion. You may share my name, address, and other Vehicle information with any third-party you have hired to collect or evaluate this experience data.

22. Vehicle Maintenance, Service, Repairs, and Reconditioning. You are responsible for repairs of all collision, accident, and other physical damage that is not a result of normal wear and use. These repairs include, but are not limited to, those necessary to return the Vehicle to its pre-damage condition, including, but not limited to, repairing damage to exterior panels and components, structural components, vehicle safety systems such as airbag systems and seatbelts, and the Vehicle's interior. All repairs must be made with new and genuine manufacturer's original equipment replacement parts.

If the Vehicle's odometer becomes inoperative or malfunctions, I agree to notify you within 30 days. I agree not to make any alterations that decrease the Vehicle's value or usefulness or that violate the law. If I add non-standard equipment to the Vehicle, I will return it to original manufacturer specifications before the end of the Lease Term. If the non-standard equipment cannot be removed or modified without decreasing the Vehicle's value or usefulness when the Vehicle is returned to you, the equipment will become your property, and I may be billed in accordance with Section 35 below. You may inspect the Vehicle at any reasonable time.

NO PHYSICAL DAMAGE OR LIABILITY INSURANCE COVERAGE FOR BODILY INJURY OR PROPERTY DAMAGE CAUSED TO OTHERS IS INCLUDED IN THIS LEASE.

23. Required Insurance. During the term of this Lease and until I return the Vehicle, I agree to maintain the following types and amounts of primary insurance: (a) personal liability for bodily injury or death to any one person for not less than \$100,000 and for any one occurrence for not less than \$300,000; and (b) property damage liability for not less than \$50,000. The coverage will name you as an additional insured. I will provide you with at least 30 days advance notice of cancellation. You have the right to endorse my name on any insurance check or settlement you receive. You also have the right to speak to my insurance company about my insurance coverage.

Except to the extent required by the motor vehicle financial responsibility laws of the applicable state or otherwise by law, I acknowledge that you do not extend any of your motor vehicle financial responsibility or provide insurance coverage to me, any authorized additional driver(s), passengers or third parties through this Lease. If valid automobile liability insurance or self insurance is available on any basis for me, additional authorized driver(s) or any other driver and such insurance or self insurance satisfies the applicable state motor vehicle financial responsibility law, then you extend none of your motor vehicle financial responsibility. However, if I and any additional authorized driver(s) are in compliance with the terms and conditions of this Lease and if you are obligated to extend your motor vehicle financial responsibility to me, any additional authorized driver(s) or third parties, then your obligation is limited to the applicable state minimum financial responsibility amounts. Unless required by law, your financial responsibility shall not extend to any claim made by passenger while riding in or on or getting in or out of Vehicle. Your financial responsibility shall not extend to liability imposed or assumed by anyone under any worker's compensation act, plan or contract.

Except as required by law, you do not provide Personal Injury Protection, No Fault Benefits or Medical Payment Coverage (PIP) or Uninsured/Underinsured Motorist Protection (UM/UIM) through this Lease. If you are required by law to provide PIP and/or UM/UIM, I expressly select such protection in the minimum limits with maximum deductible and expressly waive and reject PIP and/or UM/UIM limits in excess of the minimum limits required by law.

24. Registration, Titling, and Taxes. I agree to pay registration, title, license, inspection fees and other official fees and taxes in connection with the Vehicle when due. You may, at your discretion, pay these fees or taxes to protect your interest in the Vehicle. If you pay such fees or taxes on my behalf, I agree to reimburse you when I am billed. If I fail to reimburse you within 60 days after I am billed, then I will pay you a monthly late charge, until the unpaid balance of the fees and taxes has been paid in full. The amount of each such late charge will not exceed 1.5% of the outstanding unpaid balance of the fees and taxes then due, or the maximum amount permitted by law, whichever is less. The remedies described in this Section 24 are in addition to any remedies you may have pursuant to Section 26.

If I move to another location during the Lease Term or it becomes necessary for you to correct any title or registration deficiencies, or to perfect your interest in the Vehicle, whether as a result of my failure to cooperate or other action or inaction on my part, I agree to pay you a \$30 service charge in addition to the actual fees or taxes, unless prohibited by law, to process registration, title and license documents.

25. Payments, Late Charge, Returned Payment Charge, Fines, and Traffic Tickets. If you do not receive my total Monthly Payment within 10 days after it is due, I agree to pay a late charge of \$30 or 5% of the amount of the payment that is late, whichever is greater, but not to exceed any limit under applicable law. If any payment is returned to you unpaid for any reason, or if any electronic debit authorization is not paid, I agree to pay you a \$25 service charge per item when I am billed.

If you receive notice of any third-party charges related to the Vehicle (including but not limited to fines, traffic tickets, parking tickets, toll violations, towing fees, storage fees, or repair bills), I will pay you a \$30 service charge per item whether or not you pay such third-party charges. You may, at your discretion, pay these charges to protect your interest in the Vehicle. If you pay such charges on my behalf, I agree to reimburse you when I am billed. If I fail to reimburse you within 60 days after I am billed, then I will pay you a monthly late charge, until the unpaid balance of such third-party charges has been paid in full. The amount of each such late charge will not exceed 1.5% of the outstanding unpaid balance of the fees and taxes then due, or the maximum amount permitted by law, whichever is less. I further agree to pay you any and all costs you incur associated with my failure to pay such fines, charges or traffic tickets, including legal costs and reasonable attorneys' fees as allowed by applicable law. The remedies described in this Section 25 are in addition to any remedies you may have pursuant to Section 26.

26. Default and Remedies. I will be in default under this Lease if:

- (a) I fail to make a Monthly Payment when due;
- (b) I fail to maintain the required insurance;
- (c) I fail to return the Vehicle at the end of the Lease term;
- (d) I fail to keep any of my promises under this Lease;
- (e) I abandon the Vehicle;
- (f) I or a guarantor become(s) insolvent or die(s); or
- (g) Any information in my credit application or a guarantor's credit application is false or misleading.

If I am in default, you may do any or all of the following:

- (a) Terminate this Lease and my rights to possess and use the Vehicle;
- (b) Take possession of the Vehicle by any method permitted by law;
- (c) Pursue any other remedy permitted by law;
- (d) Dispose of any personal or other property in the Vehicle at the time of repossession if I do not reclaim it within 10 days;
- (e) Require that I pay the sum of: (1) any past due Monthly Payments; plus (2) any official fees and taxes assessed or billed in connection with this Lease and the Vehicle and any other amounts needed to satisfy my obligations under this Lease except Excess Wear and Use; plus (3) the amount by which the Adjusted Lease Balance (explained in Section 33) exceeds the Realized Value of the Vehicle (Section 34); plus (4) all of your expenses for taking these actions, including, but not limited to expenses for repossession, transportation, storage, and/or sale of the Vehicle; plus (5) all fees and costs of collections, including reasonable attorneys' fees, court costs, interest, and other related expenses for all losses you incur in connection with my default of this Lease. Furthermore, if I do not pay these amounts when you ask, you may charge me interest at a rate not exceeding the highest lawful rate until I pay;
- (f) If the Vehicle has an electronic tracking device, I agree that you may use the device to find the Vehicle.

27. Vehicle Loss or Damage. I agree to immediately notify you if the Vehicle is damaged or destroyed in an accident, stolen, abandoned, or taken by a police or other governmental agency. In that event, you reserve the right to terminate this Lease and my liability will either be: (a) calculated under Section 28 below, if I am in compliance with my insurance obligations; or (b) calculated under Section 26 above, if I am not in compliance with my insurance obligations. If the Vehicle is stolen or destroyed, another vehicle may be substituted in its place only if you agree to the substitution. You have no obligation to provide a substitution vehicle. If the Vehicle is damaged, I have no right to repair the damages. You will be solely responsible for all repairs and maintenance to the Vehicle and you may, at your sole discretion, determine whether to permit repairs to the Vehicle and shall have the sole authority to permit third parties to make repairs. If you determine not to repair the Vehicle, you may, at your sole discretion, terminate this Lease or substitute another vehicle. If you terminate this Lease pursuant to this Section 27, I will have no obligation to make any payments other than past due Monthly Payments.

28. "Gap Amount" Waiver. If the Vehicle is damaged, stolen or destroyed and considered a total loss by you, I will not be obligated to pay you the gap amount (the difference between the Adjusted Lease Balance and the actual cash value of

the Vehicle as of the date of loss). However, I will be obligated to pay you: (1) any and all amounts due and owing needed to satisfy my obligations under this Lease (including past due Monthly Payments and any official fees and taxes assessed or billed in connection with this Lease and the Vehicle) that became due prior to the date on which I reported the Vehicle stolen or damaged, as applicable.

29. Power of Attorney. I appoint you, to the extent permitted by law, through your officer or employee, as my attorney-in-fact. My grant of this power of attorney is coupled with an interest, and is irrevocable until all obligations I owe under this Lease are paid in full. As my attorney-in-fact, you can sign on my behalf all Certificates of Ownership, Registration Cards, applications, affidavits, or any other documents required to register and properly perfect your interest in the Vehicle; transfer my entire interest in the Vehicle as part of a repossession and sale; act on my behalf in insurance matters relating to the Vehicle, including, but not limited to, the power to ~~endorse insurance proceeds checks or drafts on my behalf, and~~ cancel any Credit Life, Credit Disability, GAP Coverage, Extended Warranty, or other optional insurance financed under this Lease, and apply the refunded premium or cost to my outstanding balance if I am in default. Should an original power of attorney be necessary to accomplish any of the preceding, I agree to execute a separate identical power of attorney document and provide you with same.

ENDING MY LEASE

30. Reserved.

31. Vehicle Return. I agree to return the Vehicle to the place you specify with all parts and accessories and in good working order. Upon return, I agree to complete and sign an odometer disclosure statement and a vehicle inspection report, which may be used in determining any excess wear and use. If I do not return the Vehicle at the end of my Lease Term, I am in default and will continue to pay an amount equal to the Monthly Payment for each month until the time that I return the Vehicle. Payment of this amount does not give me the right to keep the Vehicle nor does it automatically extend this Lease.

32. Scheduled Termination of the Lease. Unless I terminate my Lease early, my Lease will terminate on the Scheduled Maturity Date, at which time, I agree to pay you: (a) any unpaid Monthly Payments then due and other amounts needed to satisfy my obligations under this Lease, plus (b) any Excess Wear and Use charges (Section 11), plus (c) any official fees or taxes assessed or billed in connection with this Lease.

33. Early Termination of the Lease. I may terminate this Lease at any time by returning the Vehicle to a location selected by you, if I am in full compliance with the Lease and satisfy all of my Early Termination obligations. I may choose one of the following options to determine my Early Termination liability:

Option A. I agree to pay the sum of: (1) all remaining Monthly Payments; plus (2) any past due Monthly Payments; plus (3) any official fees and taxes assessed or billed in connection with this Lease and the Vehicle and any other amounts needed to satisfy my obligations under this Lease; plus (4) any Excess Wear and Use Charges. However, should my Early Termination Liability calculated under this Option exceed what I would have owed had I selected Option B, you will waive the difference and my liability will be capped at Option B.

Option B. I agree to pay the sum of: (1) any past due Monthly Payments; plus (2) any official fees and taxes assessed or billed in connection with this Lease and the Vehicle and any other amounts needed to satisfy my obligations under this Lease except Excess Wear and Use charges; plus (3) the amount by which the Adjusted Lease Balance (explained below) exceeds the Realized Value of the Vehicle (Section 34).

Under either option, you may apply some or all of my Security Deposit to what I owe and I will remain liable for personal property taxes that may be assessed and/or billed after the Lease terminates.

The "Adjusted Lease Balance" is determined at any given time by subtracting the scheduled Base Monthly Payments received through the early termination date from the Adjusted Capitalized Cost and adding to the

difference the cumulative Rent Charge received through the early termination date. The Rent Charge is calculated according to the "constant yield method". Under the constant yield method, each month's rent charge is earned in advance by multiplying the constant rate implicit in the Lease times the Adjusted Lease Balance. The Rent Charge calculations are based on the assumption that Lessor will receive the Monthly Payments on the exact due date.

34. Realized Value of the Vehicle. For the purpose of calculating my Early Termination liability (Section 33), the Realized Value of the Vehicle is (a) the price you receive for the Vehicle upon disposition in a commercially reasonable manner or (b) a price agreed to by you and me in a separate writing. If the Vehicle is a total loss as set forth in Section 27 above, the amount of any deductible and the proceeds of the settlement of the insurance claim you receive are the "Realized Value." The Realized Value may also be determined by an appraisal of the wholesale value of the Vehicle, which I may obtain, at my own expense from a professional, independent appraiser agreeable to both of us. If I obtain such an appraisal not later than 3 days before the date of scheduled disposition of the Vehicle by you, the appraisal will be the final and binding Realized Value.

35. Excessive Wear and Use. I agree to pay you the costs of all repairs to the Vehicle that are not the result of normal wear and use, whether or not you actually repair the Vehicle. Excessive wear and use includes, but is not limited to:

- (a) inoperative electrical or mechanical parts;
- (b) dented, scratched, chipped, rusted, pitted, broken or mismatched body parts, paint, vehicle identification items, trim or grill work;
- (c) non-functioning, scratched, cracked, pitted or broken glass or lights;
- (d) missing equipment, parts, accessories or adornments;
- (e) torn, damaged, burned, or stained interior;
- (f) repair of any damage that makes the Vehicle unlawful or unsafe to drive;
- (g) damage due to installation or removal of non-manufacturer, after-market or replacement parts;
- (h) damage (including damage to the engine) due to failure to maintain the Vehicle in accordance with Section 22; or
- (i) tires with tread depth of less than 1/8" remaining at the shallowest point, and/or tires that are not all of the same grade, quantity or quality as those delivered with the Vehicle.

If I fail to pay any excess wear and use or other lease end charges within thirty days of the due date indicated on my end of lease bill, I will pay you interest on the unpaid balance of these charges at the rate of 18 percent per annum, if permitted by law, or the maximum rate permitted, until paid in full.

I agree to pay state and local taxes that may be due on amounts owed for lease end charges, including but not limited to excess wear and use.

36. Indemnification. I agree to indemnify, defend and hold you harmless from all claims, liabilities, suits, losses, damages and expenses (including attorney's fees and court costs) arising out of the condition, maintenance, use, ownership or operation of the Vehicle, including claims made under the strict liability doctrine.

37. Refundable Security Deposit. You may use some or all of my Security Deposit to pay any amount I owe under this Lease at the end of my Lease Term or upon early termination of the Lease. I will not earn any interest on my Security Deposit. After I have paid all my obligations under this Lease, you will refund to me any part of my Security Deposit that is not used to pay what I owe you.

38. Assignment. You may assign your interests under this Lease without my consent. I MAY NOT TRANSFER OR SUBLEASE THIS VEHICLE TO A THIRD PARTY OR ASSIGN THE LEASE OR ANY RIGHTS UNDER IT WITHOUT YOUR PRIOR WRITTEN APPROVAL, WHICH YOU MAY WITHHOLD IN YOUR SOLE JUDGMENT.

39. Notices. All correspondence and notices will be sent to me at my Billing Address shown on this Lease unless I give you a different address in writing.

40. Other Terms. Waiver. You may waive or delay enforcement of your rights under this Lease without affecting your rights on future defaults. Severability. Any part of this Lease that is not enforceable shall not affect the validity of the remainder of this Lease. Joint Liability. If more than one Lessee signs this Lease, each Lessee shall be jointly and severally liable for all obligations under this Lease. Choice of Law. Except as may otherwise be provided by law, this Lease will be subject to the laws of the state where I sign it. In the event that both parties agree not to arbitrate in accordance with Section 41 below, any dispute shall be brought in a court located in the state of Lessor's place of business.

Entire Agreement. This Lease describes all agreements between us with respect to the Lease of the Vehicle. All prior agreements, whether oral or in writing, are superseded. Maintaining Payments. I may not change or stop any Monthly Payments for any reason, even if I do not receive an invoice, and even if the Vehicle is stolen, destroyed, seized by the government or the court, experiences mechanical problems, or does not satisfactorily perform. Lessee's Warranties. I represent that my driver's license and the driver's license of any authorized driver has not been revoked or suspended within the last 5 years. I promise that I have given a true Amount Owed for any vehicle traded in. If the correct Prior Credit or Lease Balance is more than the amount shown in Section 4.B, I agree to pay you the excess amount upon demand. Personal Property. Lessor shall not be responsible at any time for any personal property in the Vehicle. Escheatment. If for any reason you need to escheat any of my funds to an unclaimed funds department, you may retain such fee as is allowable per state law.

41. ARBITRATION CLAUSE

PLEASE REVIEW - IMPORTANT - AFFECTS MY LEGAL RIGHTS

NOTICE: Either you or I may choose to have any dispute between us decided by arbitration and not in a court or by jury trial. If a dispute is arbitrated, I will give up my right to participate as a class representative or class member on any class claim I may have against you including any right to class arbitration or any consolidation of individual arbitrations. Discovery and rights to appeal in arbitration are generally more limited than in a lawsuit, and other rights you and I would have in court may not be available in arbitration.

Any claim or dispute, whether in contract, tort, statute or otherwise (including the interpretation and scope of this clause, and the arbitrability of the claim or dispute), between me and you or your employees, agents, successors or assigns, which arise out of or relate to my credit application, lease, or condition of this Vehicle, this Lease or any resulting transaction or relationship (including any such relationship with third parties who do not sign this Lease) shall, at your or my election, be resolved by neutral, binding arbitration and not by a court action. Any claim or dispute is to be arbitrated by a single arbitrator on an individual basis and not as a class action or other mass action. I expressly waive any right I may have to arbitrate a class action. I may choose the following arbitration organization and its applicable rules: the National Arbitration Forum, Box 50191, Minneapolis, MN 55405-0191 (www.adrforum.com), or any organization that I may choose subject to your approval. I may get a copy of the rules of these organizations by contacting the arbitration organization or visiting its website.

Arbitrators shall be attorneys or retired judges and shall be selected pursuant to the applicable rules. The arbitrator shall apply governing substantive law in making an award. The arbitration hearing shall be conducted in the federal district in which I reside unless the Lessor is a party to the claim or dispute, in which case the hearing will be held in the federal district where this Lease was executed. The arbitrator shall be empowered as permitted under the Rules of the National Arbitration Forum to award equitable relief as well as legal relief, to provide all temporary and/or provisional remedies and to enter equitable orders that will be binding upon the parties. Any award or dispositive order of the arbitrator may be entered as a judgment in any court having jurisdiction. We agree that either you or I may, without objection, request an expedited hearing under the applicable rules.

You will advance my filing, administration, service or case management fee and my arbitrator or hearing fee all up to a maximum of \$1500, which may be reimbursed by decision of the arbitrator at the arbitrator's discretion. Each party shall be responsible for its own attorney, expert and other fees, unless awarded by the arbitrator under applicable law. If the chosen arbitration organization's rules conflict with this clause, then the provisions of this clause shall control. The arbitrator's award shall be final and binding on all parties, except that in the event the arbitrator's award for a party is \$0 or against a party is in excess of \$100,000, or includes an award of injunctive relief against a party, that party may request a new arbitration under the rules of the arbitration organization by a three-arbitrator panel. The appealing party requesting new arbitration shall be responsible for the filing fee and other arbitration costs subject to a final determination by the arbitrators of a fair apportionment of costs. Any arbitration under this Arbitration Clause shall be governed by the Federal Arbitration Act (9 U.S.C. § 1 et. seq.) and not by any state law concerning arbitration; however, the governing law as to the substantive issues of the Lease and Vehicle shall be the law of the state in which this Lease was executed.

You and I may retain any rights to self-help remedies, such as repossession. Neither you nor I waive the right to arbitrate by using self-help remedies or filing suit. Any court having jurisdiction may enter judgment on the arbitrator's award. This clause shall survive any termination, payoff or transfer of this Lease. If any part of this Arbitration Clause, other than waivers of class action rights, is deemed or found to be unenforceable for any reason, the remainder shall remain enforceable.

Notwithstanding any other provision for notice contained in the Lease, any arbitration claim or other notice provided under the rules of the arbitration administrator will be given to you at the following address: If my claim is against the Lessor, I agree that notice of my claim will be given to the Lessor at the address specified in Section 1 of this Lease. If my claim is against the Assignee (designated in Section 2 of this Lease), I agree that notice of my claim will be given at 5550 Britton Parkway, Hilliard, OH 43026. If my claim is against both Lessor and Assignee, I agree that both Lessor and Assignee will be notified of my claim at the addresses indicated herein.

[signature page follows]

LESSEE NOTICES AND SIGNATURES

In this section, I am referred to as "You".

You have the right to return the Vehicle, and receive a refund of any payment made, if the credit application is not approved, unless nonapproval results from an incomplete application or from incorrect information provided by you.

THERE IS NO COOLING OFF PERIOD. California law does not provide for a "cooling off" or other cancellation period for vehicle leases. Therefore, you cannot later cancel this Lease simply because you change your mind, decide the Vehicle costs too much, or wish you had acquired a different vehicle. You may cancel this Lease only with the agreement of the Lessor or for legal cause, such as fraud.

NOTICE TO LESSEE: (1) Do not sign this Lease before you read it or if it contains any blank spaces to be filled in; (2) You are entitled to a completely filled in copy of this Lease; (3) Warning - Unless a charge is included in this lease for public liability or property damage insurance, payment for that coverage is not provided by this Lease.

By signing below, you acknowledge that you have read the front and back of this Lease, and that you have received a completely filled in copy of this Lease.

X _____
Lessee

X _____
Lessee

By (Print Name & Title if Corporation)

By (Print Name & Title if Corporation)

GUARANTY

I jointly and severally guarantee payment and performance of all promises contained in this Lease. Upon default, Lessor may proceed immediately against me without first proceeding against the Lessee. My liability will be unconditional and will not be affected by any settlement, extension, renewal or modification of this Lease whether or not by operation of law. I waive all right to notices of every kind, including rights to demand and presentment. I agree to pay all expenses (including reasonable attorney's fees and legal expenses) you incur if you have to enforce this Guaranty.

Guarantor's Signature: X _____

Guarantor's Signature: X _____

Name _____

Name _____

Address _____

Address _____

LESSOR'S ACCEPTANCE AND ASSIGNMENT

By signing below, Lessor (1) accepts the terms, conditions and obligations of this Lease and (2) assigns all right, title and interest in the Vehicle and this Lease to the Assignee listed in Section 2 above. This Lease, including all amounts to become due under it, and any guaranty, are subject to the provisions of the Center Agreement between Lessor and MINI FS.

Lessor Name _____

Signature of Authorized Representative _____